

July - September
2003



WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

Thank You For Submitting Your Quarterly Activity Report on Time or Early!

Our Financial Reporting Services staff spend a lot of time collecting quarterly activity reports (QAR) from licensees after the due date to submit them has passed. As you may know, we compile information from your QAR and publish the results in a report which is posted on our website at www.wsgc.wa.gov / Statistics / Licensed Operator Activity. These booklets inform everyone of fluctuations and trends in the gambling industry. Late reports slow down our ability to publish the reports in a timely manner.

Thank you to all licensees that comply with our deadlines and submit their QAR on time or early. This makes it much easier to get the statistical booklets published.

We would like to spotlight and thank our licensees that were first to submit their reports for the second quarter of 2003.

Thanks again Early Birds!

<u>Card Rooms</u> Poterhouse Restaurant, Moses Lake Keglers Choice Restaurant, E. Wenatchee Torch Lite Restaurant, Lakewood Homeplate Bar & Grill, Liverty Lake King Solomon's Reef, Olympia Gold Strike Casino, Olympia	<u>Commercial</u> <u>Punchboard and Pull-Tab</u> Tall Mans Saloon, Yacolt Schooner, Everett Porterhouse Restaurant, Moses Lake Igloo, Wenatchee Mavericks Bar and Grill, Tonasket
<u>Nonprofit</u> <u>Bingo and Punchboard/Pull-Tab</u> Loom 01865, Lakewood FOE 01555, Kelso FOE 01550, Chehalis FOE 02298, Auburn FOE 02241, Pasco FOE 02338, Port Orchard	<u>Nonprofit</u> <u>Punchboard and Pull-Tab</u> Americian Legion 00025, Kelso FOE 02568, Seattle, LOOM 01925, Quincy VFW 07395, Odessa KOC Club of Bremerton, Bremerton LOOM 02394, Woodland

Commissioners:

Liz McLaughlin, Chair
Alan Parker, Vice Chair
Curtis Ludwig
George Orr
Judge Janice Niemi (Ret.)

Ex-Officio Members:

Senator Margarita Prentice
Senator Shirley Winsley
Representative Alex Wood
Representative Cheryl Pflug

Inside this Issue:

- | | |
|-----------|--|
| 2 | Sports Wagering |
| 4 | New Agency Website |
| 4 | The Importance of E-Mail |
| 5 | Operating at the Correct License Class |
| 5 | Do You Like This Newsletter? |
| 6 | Overview of Rules Changes |
| 8 | Administrative Update |
| 10 | One-Time Variance Process |
| 11 | Late Activity Reports |
| 12 | Text of Adopted Rule Changes |
| 23 | Newsletter Survey |

ADMINISTRATION

Executive Director Rick Day

Special Assistant Ed Fleisher
Executive Assistant Shirley Corbett

Human Resources and Training Division

Administrator Phyllis Halliday

Business Operations Division

Administrator Bob Sherwood

Information Technology Division

Administrator Tom Means

Licensing Services Division

Assistant Director Derry Fries

Communications & Legal Division and Financial Reporting Services

Administrator Amy Patjens

OPERATIONS

Deputy Director Bob Berg

Electronic Gambling Laboratory

Manager Dallas Burnett

Tribal Gaming

Agent in Charge Julie Lies

Licensing Investigations

Agent in Charge Neal Nunamaker

Special Investigations

Agent in Charge Paul Swartz

Field Operations

Assistant Director Cally Cass-Healy

Eastern Region:

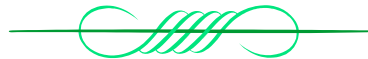
Agent in Charge Gary Drumheller

Northwest Region:

Agent in Charge Greg Thomas

Southwest Region:

Agent in Charge John Brinsmead



**Editor, Layout and Design
for your Newsletter:**

Susan Arland



Sports Wagering

Football season is here and we want to remind you what types of sports betting are authorized in Washington State. Under Washington State law (RCW 9.46.0269), anyone who engages in any form of gambling or materially aids any gambling activity is guilty of the crime of “Professional Gambling” unless the law specifically authorizes the activity.

Sports wagering in Washington is authorized under two categories:

1) The agency’s historical interpretation has been that sports wagering by individuals is allowed by **Player Exception** (RCW 9.46.0265). The requirements of this law include:

- Only individuals may be involved in the activity;
- Businesses cannot be involved in the activity;
- Person’s acting together or as partners cannot be involved in the activity. Based on a recent court case, if two individuals team up and form a “partnership” they no longer fall under the player exception law;
- No one may receive any profit from the activity other than their gambling winnings; and
- All players must participate on equal terms.

2) **Sports Boards** for both businesses and individuals (RCW 9.46.0335). See article on page 3 for requirements.

WHO IS INVOLVED IN THE WAGERING? Business vs. Individuals

The “player exception” law makes an important distinction between gambling that involves individuals (natural persons) and gambling which involves businesses (taverns, corporations, partnerships and other associations of persons). For the purposes of the article, the words “individuals” and “businesses” will be used to distinguish between these two categories.

BUSINESSES

Businesses may not be involved in sports wagering, except for sports boards as authorized in RCW 9.46.0335 (see “Sports Boards” article on page 3). This applies whether the business is directly involved in the wagering or is materially aiding the gambling activity. Examples of materially aiding would include allowing betting to take place at your business premises, providing supplies or equipment, arranging or operating the game, or inviting persons to play. For example, if a bookmaker is taking bets at your business and you do nothing about this, you are “materially aiding gambling.” This is illegal for all involved and also jeopardizes your gambling license. RCW 9.46.0269(2) states that if a person having control over a premises (owners or managers) permits the premises to be used for the

(Continued on page 3)

(Continued from page 2)

purpose of conducting illegal gambling activity, that person is considered engaging in professional gambling. If you allow this to happen, you may be subject to administrative charges against your gambling license. **Don't put your license at risk by overlooking these activities. Take responsibility for your business.**

INDIVIDUALS

Individuals may participate in sports wagering so long as only individuals are involved and no one makes any money other than their gambling winnings. Individuals may help arrange or facilitate the game; however, **they may not be paid any fee for doing so.**

For example, two people may to bet \$20 on a football game, as long as the winner gets the entire \$20 from the loser and no one else profits from the transaction.

Individuals may also conduct sports boards when the special rules discussed under "Sports Boards" are followed.

Licensees should be alert for any personal betting activities that occur on their premises. Person to person wagers are allowed as long as:

- *The wagers are not being accepted as part of a business; and
- *An additional fee or "vigorish" is not charged for the opportunity to make a bet.



A VIGORISH MAKES IT ILLEGAL

Gambling is always illegal in Washington if anyone is taking a vigorish, "vig", "juice", fee, or any other form of payment other than his or her winnings as a player.

For example, if you make a \$20 bet on a football game and, if you lose, have to pay a third party \$22 (or any amount greater than what you bet), this would be illegal. The extra \$2 is called the "vig" or "juice." Even though this 10 percent fee may not sound like much extra, this "transaction fee" is what makes the activity illegal.



SPORTS BOARDS

Sports boards are authorized under Washington State law and strict rules must be followed when conducting them. **Both businesses and individuals may conduct sports boards.**

Each business or individual may offer only one board on any single athletic event. You must have:

- * **100 squares** on the board; and
- * Charge no more than **one dollar** per square.

Numbers representing game scores are randomly assigned to each square and each player picks a square.

If you plan to offer a sports board, be sure to familiarize yourself with the law. For example, whether operated by a business or an individual, it is illegal to have a board where you:

- * Have more than one board per athletic event;
- * Offer 10 squares, instead of 100; or
- * Charge more than one dollar per square.

Anyone operating a sports board should develop and post house rules regarding how the boards will be conducted. For example, a deadline for collecting prize money, winner identification and requirements for someone other than a winner collecting a prize, what will happen in the event of a tie and how to distribute the money if a winning square has not been sold.

At any time prior to the payment of a prize, the board must be made available for inspection by anyone purchasing a chance, Gambling Commission agents or Law enforcement representatives.

These limitations apply to all sporting events equally (i.e. Super Bowl, Final Four, etc.).

Introducing our New Agency Website

**On October 1, 2003,
we introduced our new agency website!**

A team of Gambling Commission staff created the new and improved website to better serve our customers.

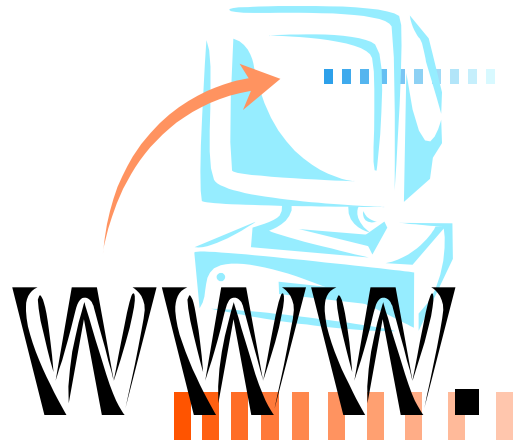
The team conducted usability testing on select staff, licensees and industry groups to get input on whether the new site met their needs, was user friendly and if they could easily find information. We have received a lot of positive feedback that the site is much easier to use than the old site.

The team also created a Maintenance Plan which sets out timeframes for staff to review information posted on the new site. The Plan ensures information posted is current and relevant.

Please check out our new site at www.wsgc.wa.gov and e-mail the webmaster if you have any questions or suggestions.

Internet Gambling

Gambling in Washington is illegal unless specifically authorized by Washington State law. Internet gambling is not authorized under Washington State law and is therefore, illegal in this state. For more information, visit our website at www.wsgc.wa.gov and select Gambling Activities / Internet Gambling.



The Importance of E-mail

By: Kathy Mills, Financial Reporting Services

Have you recognized how much time e-mail saves? Not only that, but it saves money, too! E-mail brings some big benefits when compared to regular mail delivered by the post office (often called "snail mail").

We like e-mail to communicate here at the Gambling Commission, because we recognize that we are stewards of the money you have paid us in license fees. We carefully consider how we can save money while still providing the services you expect. One way we can easily save money and improve services is by e-mailing you! As an example, let's look at what it costs to send 100 letters.

Cost of letterhead (.085 per page)	\$ 8.50
Cost of typist time *	\$ 25.00
Cost of envelopes (.045 per envelope)	\$ 4.50
Cost of postage	\$ 37.00
Cost of postal handling *	\$ 25.00
TOTAL	\$100.00

Total estimates are based on average time and average wage

When we e-mail, the time and cost is significantly reduced. We only need to count the cost of typing the e-mail. Generally, the e-mail takes much less time to format than a

letter. Because of that, it probably doesn't even take the \$25 worth of time; therefore; we reduce our costs by at least 75%!

It also saves you time by not having to deal with additional paperwork. An added bonus with e-mail is that it reaches you immediately and you can respond immediately. E-mail is delivered quickly and can arrive days ahead of "snail mail."

A big advantage comes in the speed of the reply. You are likely to get an answer to an e-mailed question while it is still fresh in your mind. That leads to efficiency. It also means that people switch to exchanging a series of brief quick messages, rather than trying to handle a lot of issues in one or two long exchanges.

In business, we know your time is money. If you want to take advantage of cost-savings and efficiency, please provide your e-mail address to Michael Moore, Licensing Technician, and he will update your contact information. You can reach Mr. Moore at michaelm@wsgc.wa.gov, or call (800) 345-2529, ext. 3525, or (360) 486-3525.

Operating at the Correct License Class

By: Special Actions Team, Licensing Services Division

Gambling licenses are issued for a 12 month period (or less, if pro-rated because the license is new) and are based on a specified gross or net receipt limitation for each license type. It is your responsibility, as a licensee, to operate within the correct class during your license period. If you find that you are about to exceed your assigned license class, you must upgrade to a higher, more appropriate, license class level.

You must not exceed the gross gambling receipts limits of your license during a license year, except as authorized by WAC 230-04-260. If you anticipate exceeding your license class, please do the following:

1) Contact our office and we will mail you the forms (contact information is at the end of this article). Or you can download the application and fee schedule from our website at www.wsgc.wa.gov / Forms / Applications / Miscellaneous Forms / License Upgrade.

2) Send the completed application and fee to our Headquarters office. The fee is calculated by taking the basic fee required for the new license and subtracting the amount originally submitted for your current license. You must then add the change of classification fee (required by WAC 230-04-202 or 230-04-203). If you have any questions regarding the amount to be submitted, please let us know! Your license fees may have been pro-rated if you are a new licensee, which might change the calculations.

Once we receive a completed application and fee, we will process the license upgrade and send you a new license at the higher, appropriate license class, or send you an acknowledgement letter. Keep in mind that any license upgrade issued will be valid only for the remainder of the original term of your license.

During your license year, you may receive an advisement letter. The advisement letter lets you know that according to the quarterly activity reports you have submitted to us, you may need to upgrade to a higher class if you continue operating at the level reported. The advisement letter will include an upgrade application and upgrade worksheet with projected license class and fee amounts to submit with the license upgrade that you choose.

If you exceed your license class and fail to upgrade to the proper license class, you will be sent an exceeding

license class letter, upgrade application (if you are still operating within that same license period), upgrade worksheet and you will be assessed an exceeding class fee. The fee will not exceed fifty percent of the difference between the fees for your present license class and the new license class, or one thousand dollars, whichever is less. After you receive written notice from us assessing an exceeding class fee, you must submit the proper forms plus all upgrade fees within twenty days. Failure to pay the fees may result in a summary suspension of all your gambling licenses, pending a hearing for the suspension or revocation of your license(s).

For questions concerning the upgrade of your *punchboard/pull-tab, bingo, raffle, and/or amusement game license*, please contact a technician (e-mail or call (800) 345-2529) in our **Licensing Services Special Actions Team**:

Carol White: carolw@wsgc.wa.gov; or Ext. 3526

Michael Moore: michaelm@wsgc.wa.gov, or Ext. 3525

Phoeurn Yi: phoeurny@wsgc.wa.gov, or Ext. 3524

Cheryl Devers: cheryld@wsgc.wa.gov, or Ext. 3521

For questions concerning a *card room* upgrade, please contact a technician in our **Licensing Services Organizations Team**:

Lynn Clevenger: lynnc@wsgc.wa.gov; or call Ext. 3540

Roberta Carpenter: robertac@wsgc.wa.gov, or Ext. 3542

Joe Gault: joeg@wsgc.wa.gov, or Ext. 3541

Do You Like This Newsletter?

Our agency publishes two Licensee Newsletters:

- 1) **Focus on Gambling** – General Licensee Newsletter. Mailed quarterly to all licensees, except for card room employees, and posted on our website under Publications.
- 2) **Card Room Connection** – Card Room Employee Newsletter. Mailed twice a year to card rooms for distribution to their card room employees and posted on our website under Publications.

Please take a moment to complete the survey on page 23 and let us know what you think about our newsletters. The survey is also posted on our Website Home Page at www.wsgc.wa.gov.

Petitions for Rule Changes

Increasing Betting Limits for Card Games: Ms. Chiechi, Recreational Gaming Association, submitted a Petition for Rule Change to increase betting limits for house-banked card games from \$100 to \$300. The petition was discussed at the August and September Commission meetings.

The Commission is scheduled to take final action on it at the October 10, 2003, meeting. At this time, we have received 19 written statements supporting the proposal and 29 written statements opposing the proposal.

Licensing Persons that Sell Pull-Tab Merchandise Prizes: Mr. Bailey, Spokane Bingo and Pull-Tab Supply, submitted a Petition for Rule Change requesting that persons selling merchandise prizes for pull-tab games be licensed by the Commission. Mr. Bailey felt these persons had an unfair advantage because they don't follow the credit and discriminatory pricing restrictions he does as a licensee. Staff didn't see any regulatory concerns associated with persons that sell only merchandise prizes and did not support the petition. The petition was discussed at the June and August Commission meetings. At the September meeting the Commission did not adopt the proposal.

Staff are looking into the agency's philosophy behind restricting credit and discriminatory pricing related to merchandise prizes.

Betting on the House's Hand: Rob Saucier, Galaxy Gaming, submitted a Petition requesting that card players be allowed to bet on the house's hand. The Petition was not filed at the September meeting and therefore, was not further discussed.

Rule Changes Under Discussion

More information and text of these proposed changes are posted on our website under Public Meetings/October 10, 2003, Commission meeting. Submit your comments on proposed rule changes in writing to: Susan Arland, Rules Coordinator, P.O. Box 42400, Olympia, WA 98504, or e-mail Susana@wsgc.wa.gov; or please attend a Commission meeting.

It is anticipated the Commission will adopt these changes at the October 10, 2003, Commission meeting to become effective January 1, 2004.

Customer Appreciation Tournaments

WAC 230-40-055

Currently, pre-tournament play requirements to enter a customer appreciation tournament cannot exceed a \$50 entry fee and licensees using the rake method to collect fees cannot require pre-tournament play to exceed ten hours.

At the August meeting, the Commission filed an amendment to remove pre-tournament play restrictions and added language to require licensees to clearly post pre-tournament play requirements for players. The proposal would also increase the maximum player buy-in from \$50 to \$100 and the total buy-in from \$200 to \$400. These limits have not changed since 1986.

Promotions for Gambling Activities

Housekeeping follow-up to the 2000 Promotions Rules Package. Also removes restrictions on transporting bingo players.

Amendatory Sections

WAC 230-12-050, Extension of credit, loans, or gifts prohibited – Limited exception.

WAC 230-20-050, Use of Proceeds.

WAC 230-20-242, Activities conducted as part of bingo games – Authorization – Restrictions.

Repealed Sections

WAC 230-20-052, Transportation provided to bingo players.

WAC 230-20-190, Bingo card prices.

Minimum Bankroll

WAC 230-40-833

It is anticipated the Commission will adopt this change at the November 14, 2003, meeting to become effective January 1, 2004.

The proposed amendment would require house-banked card rooms to maintain a minimum bankroll to pay out all advertised prizes and chips that are in play. Staff are working with the card room industry to address questions raised at the September Commission meeting about the worksheet.

Audits & Reviews of Financial Statements

WAC 230-40-823

It is anticipated the Commission will adopt this change at the November 14, 2003, meeting to become effective July 1, 2004.

This proposed change would require house-banked card rooms with gross receipts of \$3 million or less to have "reviewed" financial statements and operators above \$3 million to have "audited" financial statements. This proposal will be discussed at the October 10, 2003, Commission meeting.



Adopted Rule Changes

Remove the rules on Pages 12 – 22
and insert them in your rules manual.

Elimination of Formal Phase II Reviews

WAC 230-40-803, 230-40-825, 230-40-120
Updated Rules Attached on Pages 12-15

Effective September 15, 2003

In the past, house-banked card rooms opened with \$25 betting limits (Phase I). After six months of operation, betting limits could be increased to \$100 if the operator successfully passed a Phase II Review by staff and was formally approved by the Commission. Phase II inspection reports have recently documented few material violations. Because of this compliance record and in the interests of improved efficiency, the Commission changed the rules to eliminate the Formal Phase II process and allow card rooms to open with \$100 betting limits.

Applicants for house-banked card room licenses will continue to come before the Commission for initial approval. However, they will no longer come before the Commission for a Formal Phase II Review. Commission staff will conduct an unannounced compliance review sometime in the first six months of operation.

Changes for Non-Staffed Surveillance Rooms

In the past, house-banked card rooms with five or fewer tables, which offered \$25 betting limits (Phase I) could operate with a non-staffed surveillance room. Now all card rooms are able to offer \$100 betting limits. **Therefore, all card rooms are required to staff their surveillance room as of September 15, 2003.**



Card Room Rules Housekeeping

Updated Rules Attached on Pages 16-22

Effective January 1, 2004

Amendatory Sections

WAC 230-08-010 Monthly records.

WAC 230-40-010 Social card games – Rules of play – Types of card games authorized.

WAC 230-40-040 Fees for house-banked card games – Prohibited – Exception.

WAC 230-40-805 Progressive jackpot prizes – Procedures – Restrictions – House-banking.

WAC 230-40-821 General accounting records – House-banking.

Repealed Section

WAC 230-40-125 Washington blackjack – Rules of play – Wagering limits.

Not Adopted

WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services – Credit prohibited – Exceptions.

The proposed change to WAC 230-12-340 clarified that disposable items such as cards and chips could not be purchased on credit. This change was not adopted at the by the Commission at the September meeting. Staff are reviewing the agency's philosophy behind restricting credit.

The last Commission Meeting of 2003 will be held:

**November 13 & 14, 2003
DoubleTree Guest Suites Southcenter
16500 Southcenter Parkway
Seattle, WA 98199
(206) 575-8220**

Administrative Case Update

By: Robin Brown, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Duluth Dew Drop Inn, Duluth	Operating with an expired license, and failure to timely submit Quarterly Activity Reports.	A hearing was held. The Administrative Law Judge (ALJ) ordered the licensee to serve a fifteen-day suspension, which it served from June 12 through June 27, 2003.
White Buffalo Saloon, Kirkland	Repeated failure to timely renew license, failure to timely submit seven of eleven Quarterly Activity Reports, and submission of numerous non-sufficient funds checks.	The licensee agreed to surrender its punchboard/pull-tab license, and withdraw its application for a house-banked card room license.
Oh! Gallaghers, Bremerton and Port Angeles	Issuing an IOU in lieu of paying two winning pull-tab prizes	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. The remaining ten days were vacated by a \$1,250 fine and reimbursement of the Commission's costs of \$1,050.
Royal Casino, Everett	Failure to timely submit audited financial statements	The licensee agreed to a two-day suspension. One day was deferred for one year. The remaining day was vacated by a \$5,597 fine and reimbursement of the Commission's costs of \$300.
Skyway Park Bowl, Seattle	Failure to Disclose loans	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by a \$15,601 fine, and reimbursement of the Commission's costs of \$2,175.
Hollywood Shoreline Casino, (Applicant) Shoreline	Failure to Disclose Loans	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by a \$5,000 fine, and reimbursement of the Commission's costs of \$1,237.50.
Goldie's Shoreline Casino, Shoreline	Failure to Disclose Loans	The licensee agreed to a three-day suspension. One day was deferred for one year. The remaining two days were vacated by a \$15,805 fine, and reimbursement of the Commission's costs of \$1,987.
Hi Joy Bowl, Port Orchard	Allowing a CRE to work with an expired license	The licensee agreed to a two-day suspension. One day was deferred for one year. The remaining day was vacated by a \$1,000 fine and reimbursement of the Commission's costs of \$600.
Sidney's Restaurant & Sports Bar, Aberdeen	Allowing a CRE to work with an expired license. Violation of previous Agreed Order.	The ALJ ordered a five-day suspension, which was served from August 28, 2003, through September 1, 2003.

Administrative Case Update		
Name	Violation	Case Outcome
Mr. Ed's Bingo & Casino Supply, Mukilteo	Extension of Credit. Violation of previous Agreed Order.	The licensee agreed to a fifteen-day suspension. Five days were deferred for one year. Nine days were vacated by a \$8,087 fine and reimbursement of the Commission's costs of \$1,913. The final day of the suspension was served on August 4, 2003. The licensee also served three days of its previous deferred suspension due to its violation of the previous Agreed Order.
Viking Bowl & Restaurant, Westport	Criminal history of one of the licensee's substantial interest holders, and failure to disclose that history.	The licensee agreed to surrender its license and not reapply until after May 2004.
Wai Chan, Card Room Employee (CRE), formerly employed at Roman Casino, Seattle	Summary Suspension due to Criminal History	The licensee agreed to surrender his license and not re-apply for a period of five years.
Michael Callison Applicant, Casino Caribbean, Yakima	Criminal History	The ALJ upheld the Commission's denial of the applicant's card room employee application.
William Marx: CRE, formerly employed at Players & Spectators, Spokane	Criminal History	The licensee agreed to surrender his license, and not reapply until after November 19, 2004.
Tianshu Li CRE, Golden Nugget Casino, Shoreline	Cheating	A hearing was held. The ALJ denied staff's request for revocation of the license.
Robert Fitzgerald CRE, New Grove, Everett	Cheating	The licensee did not respond to the charges. Therefore, an Order of Default revoking the license was issued at the August Commission meeting.
Nosratollah (Pete) Moradi Applicant, Silver Lanes & Scrapbook Restaurant, Spokane	Theft	The ALJ upheld the Commission's denial of the application. The applicant filed a Petition for Review which was heard at the Commission's May meeting. The Commissioners upheld the ALJ's ruling. The applicant filed a Petition for Reconsideration, which was heard at the Commission's August meeting, where the Commissioners reaffirmed their denial of the application.
James Dye	Theft	The licensee did not respond to the charges. Therefore, an Order of Default revoking the license was issued at the August Commission meeting.
Sam Hoy	Theft	The licensee did not respond to the charges. Therefore, an Order of Default revoking the license was issued at the August Commission meeting.

Punchboard/Pull-Tab and Bingo Variance

By: Special Actions Team, Licensing Services

Have you ever wondered what the “one-time variance” for each license class means? We’d like to clarify what the one-time variance is and how to use it. The variance is a dollar amount that you are allowed to exceed your license class limit without having to upgrade for that license year, with the understanding that you must upgrade to the higher license class when you renew your license.

For example, if you hold a class “A” punchboard/pull-tab license, your gross receipts limit is \$50,000 with a variance allowance of \$5,000. At the end of your license year, while preparing your 4th quarter activity report, you find that your gross gambling receipts total \$54,000. Because your license class limit is \$50,000, you are over your class limit by \$4,000. At this point you have two choices, you could:

- 1) Upgrade your license as described on page 5; or
- 2) Use the one-time variance, since your gross receipts are within the variance limit of \$5,000. If you choose to use the one-time variance, you must upgrade your license for the **next year** at the higher class “B” level. You do not need to upgrade to the class “B” license for the year you exceeded the class limit and you will not be charged an exceeding class fee.



Following are some frequently asked questions we receive about the **one-time variance process**.



Q. Do I need to apply for the “one-time variance”?

A. No, it is a given. If you take in more than the gross dollar amount of your license class, you are operating in the variance.

Q. Is there a dollar limit on the variance?

A. Yes, license class levels have different dollar amounts allowed. Variance amounts can be found on the fee schedule form GC5-055 located on our website at www.wsgc.wa.gov / Forms / Applications / Miscellaneous Forms / Fee Schedule and choose charitable or commercial. Keep in mind that if you exceed that variance dollar amount, you must pay the difference and upgrade that license period, as well as renew at the higher level.

Q. Can the variance only be used once in my license history?

A. No, the variance may be used once with each class level.

Q. If I operated into the variance, but know that it will never happen again, may I choose to renew at the same level?

A. No, if you operate into the variance you must upgrade to the higher license class when you renew your license. However, if you do not operate at that higher class during the new license year, you may request a refund. The refund request must be made in writing and submitted with a copy of your activity report for the last quarter of your license year.

Q. What is the purpose of the variance?

A. The variance is basically a grace period. It allows you to operate at a limited dollar amount beyond your class level, without having to upgrade at that time, with the understanding that you will upgrade your license when it is renewed.

Q. If I plan to sell my business, and have operated into the variance, am I still okay?

A. If you are in the process of a legitimate sale and do not plan to renew, you must submit a copy of your earnest money receipt and agreement, and pay the exceeding class fee for the license class you operated at.

Fines Paid for Late Activity Reports

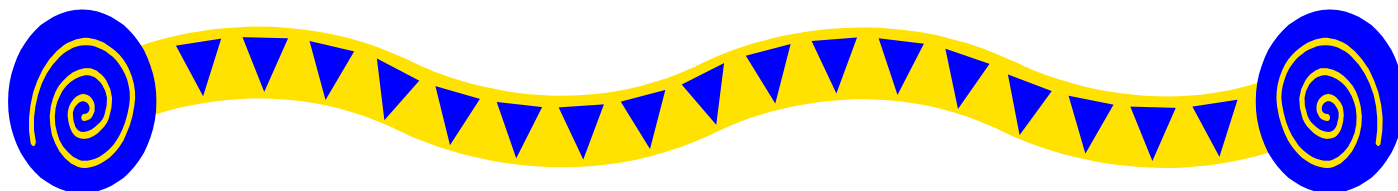
The following licensees failed to submit their quarterly reports when due for the first quarter of 2003. They have now submitted their reports and paid a fine based on the number of late reports in the preceding one-year period.



Schedule of Fines

First Offense	\$300
Second Offense	\$500
Third Offense	Administrative Charges to revoke gambling license
Additional offenses may lead to loss of license	

<u>Licensee Name and Location</u>	<u>Fine</u>
Grannie Annies O P Cafe/Surf Room, Ocean Park	\$300
Twin Bridges Inn & Restaurant, Yakima	\$300
Wagon Wheel Restaurant & Lounge, South Prairie	\$300



Administrative Charges Issued for Late Activity Reports

Administrative Charges were issued against the following licensees for failing to submit their Quarterly Activity Reports when due.

LICENSEE	VIOLATION	CASE OUTCOME
Loyal Order of Moose #943, Pullman	Failure to timely submit Quarterly Activity Report (QAR) for the 1 st quarter of 2003.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by a \$750 fine and reimbursement of the Commission's costs of \$300.
Original Rome Restaurant, Arlington	Failure to timely submit QAR for the 1 st quarter of 2003.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by a \$750 fine and reimbursement of the Commission's costs of \$300.
Hadlock House, Port Hadlock	Failure to timely submit QAR for the 3 rd quarter of 2003.	The licensee agreed to a fifteen-day suspension. Five days were deferred for two years. The remaining ten days were vacated by payment of a \$750 fine and reimbursement of the Commission's costs of \$240.
Trav's Tavern, Wenatchee	Failure to timely submit QARs for the 3 rd and 4 th quarters of 2002, and the 1 st quarter of 2003. Agreed Order violation.	The licensee agreed to a twenty-day suspension., which was served from July 1 through July 20, 2003.
Conway Pub & Eatery, Conway	Failure to timely submit QARs for the 3 rd & 4 th quarters of 2002, and the 1 st quarter of 2003.	The licensee agreed to a thirty-day suspension. Ten days were deferred for two years. The remaining twenty days were vacated by a \$1,200 fine, and reimbursement of the Commission's costs of \$240.
Surf House Tavern, Pacific Beach	Failure to timely submit QARs for the 3 rd and 4 th quarters of 2002. Agreed Order violation.	A hearing was held. The ALJ ordered the revocation of the license.

<p><u>AMENDATORY SECTION</u></p> <p>WAC 230-40-120 Limits on wagers in card games. Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:</p> <p>Nonhouse-banked card games.</p> <p>(1) Poker:</p> <p>(a) There shall be no more than five betting rounds in any one game;</p> <p>(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and</p> <p>(c) The maximum amount of a single wager shall not exceed twenty-five dollars.</p> <p>(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value.</p> <p>(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager.</p> <p>(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player.</p> <p>House-banked card games.</p> <p>(5) ((Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed twenty five dollars;</p> <p>((6))) Licensees authorized to conduct ((Phase II)) house-banked card games shall not allow a single wager to exceed one hundred dollars;</p> <p>((7))) ((6)) A single wager may be made on each separate element of chance. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and</p> <p>((8))) ((7)) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection((s)) (5) ((and ((6))) of this section.</p>	<p><u>REPEALED SECTION</u></p> <p>WAC 230-40-803 Phase II wager limits--Restrictions--Procedures.</p>	<p>Administrative Order #422 Effective September 15, 2003</p>
---	--	---

AMENDATORY SECTION

WAC 230-40-825 Closed circuit television system--House-banking. Critical activities related to the operation of house-banked card games shall be closely monitored by the use of a closed circuit television (CCTV) system and recorded using analog and/or digital recording equipment. Each house-banked card room licensee shall install and maintain a CCTV system that meets the following requirements.

Camera coverage.

(1) The following areas are required to be viewed by the CCTV system:

(a) All gaming at each table including, but not limited to, the following:

- (i) Cards;
- (ii) Wagers;
- (iii) Chip tray;
- (iv) Drop box openings;
- (v) Card shoe;
- (vi) Shuffling devices; and
- (vii) Players and dealers.

(b) All activity in the pits.

(c) All activity in the cashier's cage including, but not limited to, the:

- (i) Outside entrance;
- (ii) Fill/credit dispenser;
- (iii) Customer transactions;
- (iv) Cash and chip drawers;
- (v) Vault/safe;
- (vi) Storage cabinets;
- (vii) Fill or credit transactions; and
- (viii) Floor.

(d) All activity in the count room including, but not limited to, the:

- (i) Count table;
- (ii) Floor;
- (iii) Counting devices;
- (iv) Trolley;
- (v) Drop boxes;
- (vi) Storage shelves/cabinets; and
- (vii) Entrance and exits.

(e) The movement of cash, gaming chips, and drop boxes.

(f) Entrances and exits to the card room.

Camera requirements.

(2) The CCTV system shall consist of light sensitive cameras including those with pan, tilt, and zoom (PTZ) capabilities having the ability to determine card and chip values and the configuration of wagers at each gaming table. Each video camera shall be capable of having its images displayed on a video monitor and recorded. Cameras shall be installed in a manner that will prevent them from being readily obstructed, tampered with, or disabled by patrons or employees. PTZ cameras shall be placed behind a smoked dome, one-way mirror or similar materials that conceal the camera from view. Installed cameras shall cover the areas required by this rule and shall include at a minimum:

(a) At least one fixed camera focused over each gaming table covering the entire layout;

(b) A sufficient number of fixed and/or PTZ cameras permanently programmed for the purposes of monitoring players and dealers at each gaming table. The PTZ cameras must be capable of viewing each patron and dealer at each gaming position at least once every five minutes;

(c) A sufficient number of PTZ cameras for the purpose of determining the configuration of wagers and card values at each gaming table. Any time a winning wager, including jackpot or bonus payouts in excess of five hundred dollars are won, surveillance shall utilize this camera to verify the winning hand, the amount of the wager, and the player who won the prize. Each licensee shall have documented procedures in their internal controls stipulating the manner in which this will be carried out;

(d) A sufficient number of fixed and/or PTZ cameras in the cage(s);

(e) A sufficient number of fixed and/or PTZ cameras in the count room; and

(f) Any other location as deemed necessary by commission staff.

Video recording equipment requirements.

(3) Video recording equipment shall meet the following requirements:

(a) **Analog recording**, including audio recording where required, using a video cassette recorder, shall comply with the following requirements:

(i) Images shall be recorded at a rate of not less than twenty frames per second on standard VHS format; and

(ii) Recorded images shall accurately reflect the time and date of the video recording. If multiple time and date generators are used, they shall be synchronized to the same time and date; or

(b) **Digital recording**, including audio recording where required, using a hard drive storage system, shall comply with the following requirements:

(i) All images shall be recorded on a hard drive;

(ii) Recording systems shall be locked by the manufacturer to disable the erase and reformat functions to prevent access to system data files;

(iii) The system must provide uninterrupted recording of surveillance, this shall include during playback or copying;

(iv) Recording systems shall be capable of copying original images maintaining the original native format;

(v) Images shall be stored at a rate of not less than twenty-five images per second;

(vi) Resolution shall be 640 x 480 or higher;

(vii) Images shall be stored in a format that is readable by commission computer equipment;

(viii) Images shall be stored in a format that contains a method to verify the authenticity of the original recording and copies;

(ix) Recorded images shall include the accurate time and date the video was originally recorded;

(x) Previously recorded material may be overwritten after seven continuous days of gaming; and

(xi) Recording systems shall be equipped with an uninterruptible power source to allow a proper system shutdown.

Use of multiplexing and quad recording devices.

(4) Multiplexing/quad recording devices may only be used for external surveillance, movement of drop boxes between tables and the count room, and on entrances and exits: Provided, That split screen devices may be utilized for areas not required to have surveillance

coverage.

Recording of illegal or suspicious activities.

(5) Illegal or suspicious activities within the monitored portion of the licensed premises shall be reported to commission staff, pursuant to WAC 230-40-815 (3)(a)(v) through (vi). Additionally, licensees shall ensure two copies of the entire recorded image sequence are made reflecting the questioned activity. One copy shall be provided to commission staff or other law enforcement representatives upon demand and the other copy maintained by the licensee for a period of thirty days.

Activities to be recorded.

(6) Video signals from all cameras shall be recorded when:

(a) Gaming tables are in operation;

(b) Drop boxes or chip trays are stored on the gaming tables;

(c) Drop boxes are being transported; or

(d) Drop box contents are being counted.

Video monitors.

(7) The CCTV system shall include a sufficient number of video monitors to simultaneously view multiple gaming tables, the cashier's cage, and count room activities.

Surveillance room.

(8) The licensee shall maintain one or more surveillance rooms with the following minimum requirements:

(a) The surveillance room shall have controlled access and be used solely by the employees of the surveillance department assigned to monitor activities: Provided, That this restriction does not apply to owners or approved supervisory or management personnel.

(b) Commission agents and law enforcement personnel shall be provided immediate access to the surveillance room upon request.

(c) Entrances to surveillance rooms shall not be readily observable from the gaming operation area.

(d) The licensee shall ensure a

surveillance employee is present in the surveillance room and monitoring the activities of the operation, via the surveillance room equipment, any time the card room is open to conduct gaming and during the count process: Provided, That the licensee may allow the surveillance room to operate without staff for a period not to exceed thirty minutes per shift for the purpose of routine breaks.

~~((Surveillance staff not required.~~

~~((9) Licensees that are licensed for five or fewer tables and not operating under Phase II limits, shall not be required to maintain a staffed surveillance room.))~~

Surveillance activity log.

~~((10))~~ (9) The licensee shall maintain a record of all surveillance activities in the surveillance room. A surveillance log shall be maintained by surveillance personnel and shall include, at a minimum, the following:

- (a) Date and time of surveillance;
- (b) Person initiating surveillance;
- (c) Time of termination of surveillance;
- (d) Summary of the results of the surveillance; and
- (e) A record of any equipment or camera malfunctions.

Employee sign-in log.

~~((11))~~ (10) A surveillance room sign-in log shall be maintained to document the time each surveillance employee monitors the card room. The surveillance sign-in log shall be available for inspection at any time by commission staff or law enforcement personnel.

Labeling and storing video and audio recordings.

~~((12))~~ (11) Video and audio recordings shall be marked to denote the activity recorded and retained for a period necessary to afford commission staff or law enforcement personnel reasonable access. The following minimum retention periods apply to recordings:

- (a) Recordings shall be retained for a minimum of seven complete gaming days;
- (b) Recordings of evidentiary value shall be maintained as requested by commission staff; and
- (c) Tapes documenting jackpot payouts over three thousand dollars shall be retained for at least thirty days; and
- (d) Commission staff may increase any of the retention requirements noted in this section by notifying the licensee.

Dispute resolution.

~~((13))~~ (12) In the event there is not sufficient clarity due to violations of the above requirements, the burden will be on the licensee to prove any action taken was warranted. Otherwise, all disputes shall be resolved in favor of the player: Provided, That a review by commission staff may be requested if the licensee feels circumstances warrant, for example, cheating has occurred.

<p><u>AMENDATORY SECTION</u></p> <p>WAC 230-40-010 Social card games--Rules of play--Types of card games authorized. Social card games shall be played using rules and procedures as set forth in this section. Only card games that have been specifically authorized are allowed to be played in public or social card rooms.</p> <p>Rules of play for all card games.</p> <p>(1) Social card games shall be played in the following manner:</p> <p>(a) The game must be played with one or more standard decks of playing cards or with approved electronic card facsimiles which meet the requirements of WAC 230-40-070 (1)(c): Provided, That cards may be removed to comply with rules of a specific game, such as pinochle;</p> <p>(b) Players shall compete against all other players on an equal basis for nonhouse-banked games or against the licensee for house-banked games;</p> <p>(c) Each player shall receive their own hand of cards and be responsible for decisions regarding such hand, such as whether to fold, discard, draw additional cards, or raise the wager;</p> <p>(d) Players shall not place wagers on any other player's or the house's hand and no side bets between players are allowed: Provided, That the following shall not be in violation of this section:</p> <p>(i) An insurance bet placed in the game of blackjack;</p> <p>(ii) A tip wager made on behalf of a dealer; or</p> <p>(iii) "Envy" provisions which allow a player to receive a prize if another player wins a jackpot or odds wager;</p> <p>(e) A player's win or loss shall be determined during the course of play of a single card game; and</p> <p>(f) No more than two separate games shall be played with a single hand of cards. For purposes of this section, bonus features and progressive jackpots are considered a game: Provided, That bonus features that allow a player to receive an additional prize if another player achieves a specific hand, such as "envy" or "share the wealth" features, shall not be considered a separate game if the player does not have to place a separate wager to participate.</p>	<p>Nonhouse-banked card games authorized.</p> <p>(2) Nonhouse-banked card games shall only be played in the manner set forth in <i>The New Complete Hoyle, Revised, Hoyle's Modern Encyclopedia of Card Games</i>, or a similar authoritative book on card games approved by the director: Provided, That each licensee may make immaterial modifications to each authorized game set out in Hoyle. The following nonhouse-banked card games are authorized:</p> <p>(a) Poker;</p> <p>(b) Hearts;</p> <p>(c) Pinochle;</p> <p>(d) Cribbage;</p> <p>(e) Rummy;</p> <p>(f) Panguingue (Pan);</p> <p>(g) Pitch;</p> <p>(h) Bid Whist;</p> <p>(i) ((Washington blackjack, if the business was licensed and operating the game on April 1, 2000, and under the restrictions set forth in WAC 230-40-125;</p> <p>(j)) Other games or modifications to approved games may be approved by the director, or the director's designee, on a case-by-case basis. Requests for approval of a game must be submitted in writing, and include the rules of play and all wagering schemes.</p> <p>House-banked card games authorized.</p> <p>(3) House-banked card games shall be approved by the director, or the director's designee, on a case-by-case basis. Request for approval of a house-banked card game must be submitted in writing, including the rules of play and all wagering schemes. A list of all approved games, modifications to games, and rules of play shall be available at all commission offices. The director may approve games in which the determination of whether a player wins or loses depends upon one or more of the following:</p> <p>(a) The player's hand is a specific: (i) Pattern or ranking of cards (pair, straight, flush, royal flush, etc.);</p>	<p>Administrative Order #424 Effective: January 1, 2004</p>
---	---	---

(ii) Combination of cards (two queens of hearts, ace and jack of spades, three sevens, etc.); or

(iii) Value of the cards (seventeen, twenty-one, etc.); and/or

(b) The player has a higher ranking or value hand than the house/dealer/banker.

Removing an approved game from play.

(4) Once a game is approved for play, the director shall not remove it from the authorized list of games without providing licensees written notice. Licensees shall be afforded an opportunity to object to the director's decision. If an objection is filed, an administrative law judge shall review the director's decision utilizing the brief adjudicative procedures set forth in WAC 230-50-010.

Procedures for when a proposed game is denied.

(5) The licensee shall be notified in writing when the director denies a request for a new game or modification of a game. The notification shall include reasons for the denial and provide the petitioner all information necessary for a formal petition to the commission for rule making, amendments, or repeal, as set forth in WAC 230-50-800.

AMENDATORY SECTION

WAC 230-40-040 Fees for house-banked card games--Prohibited--Exception. No person shall be charged a fee, directly or indirectly, to participate in house-banked card games: Provided, That a licensee may collect a commission of not more than five percent from a winning hand (~~of pai-gow poker~~).

REPEALED SECTION

WAC 230-40-125 Washington blackjack--Rules of play--Wagering limits.

AMENDATORY SECTION

WAC 230-40-805 Progressive jackpot prizes--Procedures--Restrictions--House-banking.

Licenses are authorized to operate progressive jackpot prizes in conjunction with approved house-banked card games. Entry into a progressive jackpot is based upon a separate wager by a player, part of which accrues to a progressively increasing prize. A player wins the jackpot prize, or portion thereof, based upon achieving a predetermined pattern or combination of cards. Each licensee operating such games shall ensure they are closely controlled, all the funds collected are accounted for, and prizes and methods of winning are adequately disclosed to players. The following procedures and restrictions apply to progressive jackpots:

Restrictions.

(1) House-banked progressive jackpot restrictions:

(a) The amount of funds accrued to the primary and reserve or secondary jackpots shall increase by a predetermined amount of each wager made, in accordance with the rules of the game;

(b) The amount of the progressive jackpot eligible to be awarded as a prize shall be prominently displayed at each gaming table;

(c) The beginning amount of each progressive jackpot offered must be recorded, including explanations for any increase or decrease in the amount of the prize offered. This documentation shall be maintained with the progressive jackpot records; and

(d) A licensee may establish a maximum limitation on a progressive jackpot prize. If such a limit is established:

(i) The amount must be equal to or greater than the amount of the jackpot when the limit is imposed; and

(ii) A notice of the limit must be conspicuously posted at or near the game;

Adjusting jackpot amounts and prize payouts.

(2) A licensee shall not reduce the amount of a progressive jackpot prize, that has been accrued and displayed to players except as authorized by this section. The following adjustments are allowed to accrued progressive jackpot prizes:

(a) Jackpot prizes of five thousand dollars or less shall be paid out immediately. For prizes over five thousand dollars, a minimum of five thousand dollars must be paid immediately and the remaining balance paid, by check, within twenty-four hours:

Provided, That a check shall be issued for the entire prize balance within twenty-four hours, at the player's request. The jackpot and advertised amount shall be reduced only by the amount won;

(b) An adjustment may be made to correct malfunctioning equipment or to prevent the display of an amount greater than a predetermined maximum prize limit; or

(c) A reserve or secondary jackpot may be reduced as long as the funds removed are recorded as gross receipts and are properly documented in the records. A reserve or secondary jackpot may also be reduced to recover seed money that was not taken from gross receipts, provided that those funds are properly documented in the records;

Removing all or portion of a jackpot from play.

(3) House-banked progressive jackpot prizes, which are advertised or displayed in any manner are deemed to be funds for which players have a vested interest and may only be removed from play under the following conditions:

Disbursement.

(a) The director or the director's designee provides the licensee written approval of a plan to disburse all jackpot funds back to the players. The request for approval shall include full details of the distribution plan and shall be conspicuously posted at least ten days prior to distribution. Licensees shall disburse the funds utilizing one or more of the following methods:

(i) By offering the prize on a different house-banked game;

(ii) Offering the prize through means of an approved tournament. All funds must be distributed within sixty days from the date of approval by commission staff; or

(iii) Donating the money to the Washington state council on problem gambling; and

Discontinued jackpot-player notification.

(b) The licensee must notify players of any planned discontinuance, including closure

of the business, by conspicuously posting notice for a period of ten days prior to beginning the discontinuance process;

Awarding merchandise prizes with jackpot funds.

(c) Licensees may ~~((use a portion of these funds to purchase))~~ reduce the jackpot only by the dollar amount paid for the merchandise to be awarded as prizes under the following conditions:

(i) The licensee discloses to the public that a specific portion of these jackpot funds were used to purchase merchandise to be awarded as prizes, as well as the specific prize to be awarded;

(ii) The merchandise is awarded as a prize on the specific outcome of a game and is included in the game rules;

(iii) The merchandise prizes shall be owned by the licensee and paid for in full, without lien or interest of others, prior to the prize being awarded: Provided, That when the winner has an option to receive a cash prize in lieu of such merchandise, a licensee may enter into a contract to immediately purchase a merchandise prize after the winner chooses their option;

(iv) The licensee must disclose the value of the merchandise to be awarded. This value must be true and verifiable; and

(v) Detailed records, including purchase invoice, are maintained on premises and available for review by commission staff;

Temporarily removing a jackpot from play.

(4) A licensee may temporarily remove a progressive jackpot game from play subject to the following conditions:

(a) The removal and reasons must be approved in writing by commission staff; and

(b) The disruption is caused by circumstances beyond the control of the licensee, or for other good cause (for example: Remodeling the card room); and

(c) Players are notified of the disruption and the estimated date of continuance.

AMENDATORY SECTION

WAC 230-40-821 General accounting records--House-banking. Every licensee authorized to offer house-banked card games shall keep and maintain a complete set of records, which have been approved by commission staff. Such records shall include all details of activities related to the conduct of the licensed activity. The following requirements shall apply:

Revenue and expenses.

(1) Each licensee shall maintain legible, accurate and complete records of all transactions relating to the revenues and costs of the gaming operation. These records shall be maintained in a format to ensure consistency, comparability, and effective disclosure of financial information.

General accounting records.

(2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on an accrual basis, to include detailed, supporting, subsidiary records, sufficient to meet the requirements below.

Recordkeeping.

(3) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:

(a) Records of all patrons' checks initially accepted, deposited, and returned as "uncollected," and ultimately written off as "uncollectible";

(b) Statistical game records to reflect drop and win amounts for each table, for each game, and for at least each period for which the drop boxes are removed, which shall be at the minimum, the end of each gaming day;

(c) Records of investments in property, including, but not limited to, equipment used directly in connection with the gaming operation;

(d) Records of amounts payable by the gaming operation;

(e) Records which identify the purchase, receipt, and destruction of all cards and gaming chips used in wagering; and

(f) Records of services provided for the operation of gaming activities.

Copies.

(4) Whenever duplicate or triplicate copies are required of a form, record or document:

(a) The original, duplicate, and triplicate copies shall be color-coded;

(b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and

(c) If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately to the commission for investigation.

Storing documents.

(5) All forms, records, documents and stored data required to be prepared, maintained and controlled shall:

(a) Have the title of the form, record, document, or stored data (such as "fill slip," "request for fill," "credit slip," "request for credit," "reconciliation," etc.), imprinted or preprinted thereon or therein; and

(b) ~~((Be located at the licensed premises for three years: Provided, That the director or the director's designee may waive parts of this section if requested by the licensee.))~~ All records shall be maintained for a period of not less than three years. At least the past six months of records must be available for inspection on premises.

Employee records.

(6) Licensees shall maintain a records system that ensures all applicable employees have met licensing requirements. The system shall be maintained on the premises and include the following:

(a) Employee names;

(b) Gambling license numbers;

(c) Gambling license expiration dates; and

(d) Photocopies of all current employees' licenses.

Record of employees who have not yet received a license. (7) If an employee license has not yet been issued, the licensee shall maintain a copy of the following:

(a) Temporary employment authorization;

(b) Documentation that the required payment (license or transfer fee) has been made; and

(c) Proof that the employee has adhered to the ten-day waiting period, if applicable.

Notification - new license not received.

(8) The licensed card room operator shall ensure commission staff is notified if an employee license has not been received within sixty days of employment.

AMENDATORY SECTION

WAC 230-08-010 Monthly records. Every person or organization licensed to operate any gambling activity shall maintain permanent monthly records of all financial transactions directly or indirectly related to gambling activities. Each record shall include, but not necessarily be limited to, all details of the following:

Compliance with other rules.

(1) All financial transactions completed by the licensee ~~((and))~~ must contain enough detail to determine compliance with the requirements of WAC 230-04-024, 230-04-080, ~~((and))~~ 230-08-122, and 230-40-821;

Activities to be recorded separately and within thirty days - exception.

(2) Each licensed activity shall be recorded separately and include all transactions occurring during a calendar month. These records shall be complete in every detail and available for audit or inspection by agents of the commission or other law enforcement personnel no later than thirty days following the end of each month: Provided, That businesses licensed to operate punch boards and pull-tabs as commercial stimulants shall complete monthly records no later than fifteen days following the end of each month and such shall be available for audit or inspection the next day;

Records required for all licensees.

(3) The gross gambling receipts from the conduct of each of the activities licensed;

(4) Full details on all expenses related to each of the activities licensed;

(5) The total cost of all prizes paid out for each of the activities licensed;

Charitable and nonprofit records.

(6) With respect to those organizations licensed as qualified bona fide charitable or nonprofit organizations, except agricultural fairs, records shall clearly show in detail how the proceeds from each licensed activity obtained by the licensee were used or disbursed by that licensee. These records shall provide an audit trail satisfactory to allow verification that the funds were used for the organization's purpose(s). These records will include, but not be limited to, canceled checks for the subject disbursements;

Commercial stimulant records.

(7) With respect to commercial stimulant licensees, records shall include at least the following details:

(a) Gross sales of food and drink for consumption on their licensed premises;

(b) Gross sales of food and drink for consumption off the licensed premises; and

(c) Gross sales from all other business activities occurring on the licensed premises.

Punch board and pull-tab games removed from play.

(8) In addition to any other requirement set forth in these rules, licensees for the operation of punch boards and pull-tabs shall be required to prepare a detailed monthly record for punch boards and pull-tab series removed from play during that month. This detailed monthly record shall be recorded in a standard format prescribed by the commission: Provided, That punch board and pull-tab monthly records may be stored in computer data bases if:

(a) Computer data base records are not the primary storage medium and all original input control documents supporting data maintained in computer data bases are retained by the licensee;

(b) A "hard copy" report organizing the data maintained in the computer data base is generated for each month. This report must be completed and available for review no later than thirty days following the end of the month;

(c) An up-to-date "hard copy" report is provided within three days upon request of commission agents, law enforcement personnel, or local tax authorities;

(d) Reports generated from the computer data base provide all data required by subsection (9) of this section; and

(e) Reports generated from the computer data base organize the required data in an order that approximates the standard format and does not impede audit.

Disclosing punch board/pull-tab information.

(9) Monthly records for punch boards and pull-tabs shall disclose for each punch board and pull-tab series the following information:

(a) The name of the punch board or pull-tab series;
 (b) The Washington state identification and inspection services stamp number recorded by attaching a records entry label: Provided, That in lieu of the records entry label, licensees may use a facsimile of the bar coded Washington state identification and inspection services stamp number which is generated by a printer interfaced with a computer data base, if the following standards and procedures are followed:

(i) The Washington state identification and inspection services stamp number must be electronically input into the data base by scanning the stamp with a bar code reader;

(ii) Records must be printed on white paper. Facsimiles of the bar coded Washington state identification and inspection stamp numbers must be at least one-quarter inch in height with a "quiet zone" on at least one-quarter inch of each side of the bar code;

(iii) Bar code facsimiles must be code "interleaved two of five" (USS-12/5) with a readability rate of at least 99.0% with a maximum of three passes with commission bar code reading equipment. Each licensee will be responsible for the accuracy of printouts and ensuring that bar codes are electronically readable. It is recommended that specifications of a printer be reviewed for capability to meet minimum standards prior to purchase or lease and that the printer be equipped with a serviceable ribbon.

(c) The date removed from play;

(d) The total number of tabs in each pull-tab series or the total number of punches in each punch board;

(e) The number of pull-tabs or punches remaining after removal from play;

(f) The number of pull-tabs or punches played from the pull-tab series or punch board;

(g) The cost to the players to purchase one pull-tab or one punch;

(h) The gross gambling receipts as defined in WAC 230-02-110;

(i) The total prizes paid, including both cash and merchandise (calculated by the cost to the licensee) prizes;

(j) The net gambling receipts (gross gambling receipts less total prizes paid);

(k) The cash over or short determined by:

(i) Subtracting actual cash from net gambling receipts for punch boards and pull-tabs which award cash prizes; and

(ii) Subtracting actual cash from gross gambling receipts for punch boards and pull-tabs which award merchandise prizes.

(l) The actual cash received from the operation of each pull-tab series or punch board: Provided, That when more than one series of pull-tabs is sold from a single dispensing device and the dispensing device is equipped with recording devices or meters which provide an accounting of the number of tabs dispensed from each individual series, the actual cash received may be computed by use of the meter readings. If this method is used to account for actual cash, all series in each dispensing device shall be played out at least once each calendar quarter and the combined cash over or short calculated for all series played from each dispensing device during the period by reconciling the total cash removed from the dispensing device to the total tabs sold from that dispensing device. The combined cash over or short shall be recorded as required by (k) of this subsection;

(m) With written commission approval, licensees operating pull-tabs to stimulate food and drink sales may record (k) and (l) of this subsection in total on a daily, weekly, or monthly basis, if their recordkeeping procedures meet commission standards.

Supporting documents.

(10) Copies of all additional financial data which support tax reports to any and all governmental agencies; and

Records to be maintained for three years.

(11) Each of these records shall be maintained by the licensee for a period of not less than three years from the end of the fiscal year for which the record is kept unless released by the commission from this requirement as to any particular record or records.

Newsletter Survey

Please take a moment to complete this survey to let us know what you think about our newsletters.

Mail to:

Washington State Gambling Commission
Attention: Susan Arland
PO Box 42400
Olympia, WA 98504

Or you can take the survey online and save a stamp.
It's posted on our Website Home Page at www.wsgc.wa.gov

1. Tell Us About You:

What type of license do you hold? _____

What is your position at the business? _____

Circle answers that apply:

2. Do you read the Focus on Gambling Newsletter?

Yes On-line or Hard Copy
No

3. Which articles do you read?

All None Administrative Update Late Activity Reports Statistics
Rules Update Regulatory Articles Front Page Articles Legislative Update

4. Would you like to see different information in this Newsletter?

Yes If so, what? _____
No

5. Do you remove the text of updated rules and insert them into your Rules Manual?

Yes
No

6. Do you make the Newsletter available to your employees? (for example, in a break room)

Yes
No

7. Do you read the Card Room Connection Newsletter?

Yes On-line or Hard Copy
No

Our Mission:
Protect the Public By Ensuring that Gambling Is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

Bellingham	(360) 738-6203	Spokane	(509) 329-3666
Everett	(425) 339-1728	Tacoma	(253) 471-5312
Kennewick	(509) 734-7412	Wenatchee	(509) 665-3300
Renton	(425) 277-7014	Yakima	(509) 575-2820
Headquarters – Lacey (800) 345-2529 (360) 486-3440 TDD: (360) 486-3637			
Division	Extension	Division	Extension
Administration	3447	Mandatory Training Schedule	3440
Administrative Charges/Hearings	3465	Media Questions	3466 or 3463
Commission Meeting Agenda	3447	Newsletter	3466
Electronic Gambling Equipment Review	3504	Problem Gambling	3468
Human Resources (Personnel)	3457	Public Disclosure Requests	3529
ID Stamps (Business Office)	3489	Record Keeping Forms	3440
Licensee Activity Reports	3474	Rule Changes	3466
License Application Requests & Status	3440	Tribal Negotiations	3449
Licensing Investigations	3555	Tribal Regulation / Implementation	3587

Washington State Council on Problem Gambling
(800) 547-6133

Washington State Gambling Commission

Mailing Address: P.O. Box 42400, Olympia, WA 98504-2400

Location: 4565 7th Avenue SE, Lacey, WA 98503

Website: www.wsgc.wa.gov

PRSRT STD
U.S. POSTAGE PAID
Washington State
Department of Printing